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NEWS RELEASE

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PSC APPROVES SALE OF AUXIER WATER CO. *City of Prestonsburg is purchasing utility*

FRANKFORT, Ky. (March 18, 2008) – The Kentucky Public Service Commission (PSC) has approved the city of Prestonsburg's purchase of the Auxier Water Co., Inc., which serves about 1,100 customers in Floyd and Johnson counties.

In an order issued March 14, the PSC ruled that Prestonsburg has the financial, technical and managerial ability to serve Auxier's customers. The PSC determined that the sale is in the public interest only if two conditions are placed on the transaction:

- That the Prestonsburg Utilities Commission charges Auxier's customers its out-of-city rate, which is lower than their current rate.
- That Auxier refunds to customers, with accrued interest, any deposits it is holding. The refunds may be as a check or as a credit on the final bill.

Prestonsburg is paying \$2.65 million for Auxier and is financing the purchase with a 20-year low-interest loan from the Kentucky Infrastructure Authority.

The transaction will not change the water supplied to Auxier's customers. Auxier, which has a service territory adjacent to Prestonsburg's, is a water distribution system only; it purchases its treated water from Prestonsburg. Once the transaction is completed, Auxier will no longer fall within the PSC's jurisdiction.

Prestonsburg may ask former Auxier customers for a deposit in order to continue service.

The order and related case files are available on the PSC Web site, psc.ky.gov. The case number is 2007-00488.

The PSC is an independent agency attached for administrative purposes to the Department of Public Protection in the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.

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